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SOUTH-SOUTH COOPERATION

Progress report by the Secretariat

Reports on recent developments and steps taken with regard to South-South cooperation, in compliance with resolution GC.10/Res.4.

Introduction

1. In the efforts of the international community to achieve established development goals including the Millennium Development Goals (MDGs), there is universal recognition of the role of technical cooperation among developing countries. As stated in General Conference resolution GC.10/Res.4, South-South cooperation is not a substitute for but a complement to North-South cooperation.

2. UNIDO's activities in South-South cooperation have received new impetus since the adoption of General Conference resolution GC.10/Res.4, which recognized its importance for the Organization. At present, relevant UNIDO activities are focused on investment promotion and renewable energy, with particular emphasis on rural energy projects.

3. The *Annual Report 2003* (IDB.28/2, chap. IV.G) provides background information on the importance of the Tokyo International Conference on African Development (TICAD) for South-South cooperation activities in UNIDO.

I. MODALITIES

A. Triangular cooperation

4. Since the High-Level Conference on South-South Cooperation held at Marrakech, Morocco, 10-19 December 2003, the Group of 77 has placed emphasis on the value of triangular cooperation. This emphasis relates in particular to the use of expertise and institutions of emerging economies with the financial support of developed countries and international organizations in favour of developing countries. Examples of this cooperation modality are provided in the following paragraphs.

Asia-Africa Investment and Technology Promotion Centre (AAITPC)

5. The concept of Asia-Africa cooperation was the brainchild of TICAD II in 1998. Since that time UNIDO has been supporting AAITPC with financing from the Government of Japan to promote investment and technology transfer from Asia to Africa. The Centre is a network of partnerships, where various programmes are

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implemented between investment promotion agencies of Africa and business associations as well as outward investment promotion agencies of Asia with AAITPC as the hub. Thus, AAITPC inspires and supports its African partners to market in Asia their investment opportunities and its Asian partners to enhance awareness of the opportunities Africa offers and translate their general interest into concrete action toward investment. Accordingly, AAITPC programmes include an Asian perspectives initiative to survey investment opportunities in Africa, web-marketing of investment project profiles and sector analyses, investment seminars in major Asian cities, workshops (e.g. Everything But Arms, African Growth Opportunity Act, Generalized System of Preferences, carbon credits under the Clean Development Mechanism), fact-finding and business missions to Africa, matchmaking for one-to-one business meetings and follow-up delegate programmes.

6. As of the end of July 2004, the project had already made a significant impact and is still growing:

- Eight countries in Africa and five countries in Asia were covered by AAITPC and two more in Asia under progress;
- Investment trips were organized for more than 230 Asian business people to Africa to conduct more than 1,000 one-to-one meetings to discuss trade and investment;
- More than 2,200 business people of Asia and Africa met to discuss trade and investment;
- Twenty-four investment seminars have so far been organized for 907 business people in six Asian countries to promote investment opportunities in Africa;
- More than 196,500 visits were made to the AAITPC web site seeking information;
- More than 465 investment project profiles as well as 45 sector analyses of Africa were marketed in Asia.

Regional system for accreditation and certification, standardization and promotion of quality, UEMOA

7. Further to the successful programme on quality with the West Africa Economic and Monetary Union (UEMOA) funded by the European Union, UNIDO is now developing jointly with the eight countries of UEMOA a subregional pilot programme for industrial restructuring and upgrading to permit West Africa to face the consequences of the establishment of a free trade zone ("Economic Partnership Agreement") with the European Union by 1 January 2008. This industrial upgrading programme will start with Senegal, where the French Development Agency has allocated in 2004 over €1 million to UNIDO for its implementation. Later EU financing is expected to spread this programme to other UEMOA countries. UNIDO will implement these industrial restructuring and upgrading activities in West Africa taking advantage of the experience gained in Tunisia and other North African countries, which will now provide experts for this programme in West Africa. This is an interesting example of triangular cooperation.

B. Transfer of technology of the South

8. UNIDO continues to transfer selected technologies developed in the South through programmes and projects mostly funded by the South. To date, institutions in China and India are very active in offering their technology.

Renewable energy (China)

9. The International Centre for Small Hydropower (IC-SHP) in Hangzhou, China, continued its extensive South-South cooperation programme in 2004 in renewable energy. The highlight was the second UNIDO/IC-SHP seminar on small hydropower cooperation among developing countries, which was held in China in April 2004 with 22 participants from 12 African countries, three from two Arab countries, 29 from five Asian countries, and one from a Latin American country. Other aspects of South-South cooperation have included training African engineers in various aspects of small hydropower. Senior staff from the Centre have undertaken technical advisory missions to the Democratic People's Republic of Korea and Sudan, and others are planned.

Biomass (India)

10. UNIDO continues to promote the transfer of biomass gasification technology developed at the Bangalore Research Centre of the Institute of Science (IISc). Concrete steps have been taken in 2004 to set up demonstration pilot units under two projects: a renewable energy park at Kasama, Zambia (installation expected by December 2004), and a biomass gasification system at Cocodrilo, Cuba (installation expected in the first quarter of 2005). Experts from Cuba and Zambia were trained at IISc.

Low-cost housing (China, India)

11. UNIDO continues to promote and transfer the Chinese and Indian experience, expertise and manufacturing technologies, including investment promotion and capacity-building in the areas of alternative materials production for low-cost housing in selected African countries

C. Strengthening institutions to promote South-South cooperation

International Centre for Advancement of Manufacturing Technology (ICAMT), India

12. UNIDO has established the Centre in cooperation with the Government of India with the aim to support developing countries in enhancing their technological performance in manufacturing, productivity, quality and competitiveness through the advancement of manufacturing technologies, promotion of North-South and South-South cooperation and building up partnerships for sustainable development.

Shenzhen International Technology Promotion Centre for Sustainable Development (ITPC), China

13. UNIDO has established the Shenzhen International Technology Promotion Centre for Sustainable Development (ITPC) in cooperation with the Government of China and the Shenzhen Energy Group to address the concerns of less developed countries for development, transfer and diffusion of energy- and environment-related technologies, including technology sourcing, financing, manpower training and information network systems. The Centre will serve as a useful platform to promote technology transfer and cooperation partnership, policy dialogue, exchange of experiences, information dissemination and technology business linkages between South-South and North-South countries.

China International Centre for Economic and Technical Cooperation (CICETE)

14. UNIDO assists CICETE in its efforts to strengthen economic and technical cooperation among developing countries (ECDC/TCDC) in the following fields: (a) upgrading China's ECDC/TCDC information network by developing a databank on practical technologies and products as well as system services; (b) developing a long-distance education/learning system to provide information and training in selected areas of technologies; (c) conducting a survey and study on the development of TCDC demonstration programmes and preparing a recommendation for further action.

International Centre for Material Technology Promotion (ICM), China

15. UNIDO has established ICM in close cooperation with the Government of China and the China Building Materials Academy to provide a springboard for new technologies and innovations in the area of new materials bridging the gap between market demand, industry needs in new technologies and the existing technology base. The Centre will assist the developing countries in enhancing their technological performance in the materials sector of industry, which has cross-sectoral impact, and promoting international co-operation and technology transfer for sustainable industrial development.

China Online

16. The UNIDO Exchange is a full-fledged substantive and technology partner in the China Online project, which is being undertaken together with Chinese authorities and international companies, in cooperation with the UNIDO field office and ITPO Beijing. The project will enable a targeted South-South partnership between small and medium enterprises (SMEs) in China and SMEs from Africa, Asia and the Pacific, and Latin America and the Caribbean.

17. As for the future, a framework for South-South cooperation in favour of LDCs now exists in Africa since the adoption of the African Productivity Capacity Initiative (APCI). A UNIDO initiative elaborated in collaboration with the Conference of African Ministers of Industry (CAMI), the African private sector, the African Regional Economic Communities and the NEPAD Secretariat, APCI was approved on 7 July 2004 by the African Heads of State as the NEPAD component on sustainable industrial development. This South-South cooperation with a continent where the majority of LDCs are located could be approached in two ways. Cooperation could take place among African sub-regions and between African Regional Economic Communities and Asian as well as Latin American economic blocks.

II. COOPERATION WITH OTHER AGENCIES

18. In line with General Conference resolution GC.10/Res.4, UNIDO has also reinforced its working arrangements on South-South cooperation with several international institutions and United Nations agencies.

A. United Nations Development Programme

19. A mechanism for investment promotion through South-South cooperation is the UNIDO Exchange, which facilitates business partnership through its international portal. The Exchange is becoming a central repository of industrial knowledge as well as an Internet-based honest broker. Within this framework, and based on the request of UNDP's Special Unit for TICAD, UNIDO designed and implemented an interregional networking mechanism between Africa and Asia called the TICAD Exchange. The network allows for a targeted promotion of African offers and requests for cooperation in Asia and vice versa. At the

same time, the TICAD Exchange allows for a global promotion of both African and Asian companies through its intrinsic linkage with the global networking platform UNIDO Exchange.

B. Other organizations

20. Recently, and in recognition of its contribution to this important South-South initiative, UNIDO was invited to provide its support in the technical and substantive operationalization of the Africa-Asia Chamber of Commerce, which will become a main institutional framework and interregional intermediary support institution for interaction between African and Asian entrepreneurs.

21. Cooperation was further strengthened with other organization such as the South Centre in Geneva, the Group of 77 Secretariat, the Group of 77 Chamber of Commerce and Industries of Developing Countries, the UNCTAD-UNDP global programme on globalization, liberalization and sustainable human development, and the Perez-Guerrero Trust Fund.

22. With this latter organization, UNIDO pursued its discussion during the international conference for renewable energies at Bonn, Germany, in June 2004, in order to implement a joint programme on technology needs assessment as a follow-up to the UNIDO initiative launched at the 2002 World Summit on Sustainable Development.

III. ACTION REQUIRED OF THE BOARD

23. The Board may wish to take note of the present document.